

January 5, 2005

The Honorable Phillip Bartlett II, Senate Chair
The Honorable Lawrence Bliss, House Chair
115 State House Station
Augusta, Maine 04333

Dear Senator Bartlett and Representative Bliss:

During the first session of the 121st Legislature, you requested an estimate of the Commission's resources that were expended on each utility sector that we regulated. Attached are estimates of the percentages of the "time worked" and assessed revenues that are "spent" on each utility sector.

We have provided both estimates because the time worked in each sector does not produce an accurate estimated of the relative cost burden of the various sectors. In some sectors senior staff (with higher pay levels) and a higher level of contractual services are required to adequately address the issues that come to the Commission. Consequently, as shown in our analysis, we spend about 4% more of the Commission's total expenditures on electricity matters (about 42%) than the percentage of hours worked (about 38%) might suggest. Values for each utility sector will, of course, change from year to year based on the needs in a particular utility sector

Our estimates were calculated based on the following assumptions:

1. The percentage of "time worked" in each utility sector is an estimate comprising the hours recorded by staff working in the following areas: Electric, Natural Gas, Telecommunications, Water, Water Taxi, Administrative, and Dig Safe. The hours worked in the Administrative and Dig Safe areas were apportioned to each of the utility sectors based on the fraction of time spent by other staff working in specific utility sectors. The hours worked by our Consumer Assistance Specialists were apportioned based on the percentage of complaints by utility sector, i.e., Electric – 25%, Natural Gas – 4%, Telecommunication – 67%, and Water – 4%.
2. Similarly, the percentage of "dollars spent" in each utility sector is an estimate comprising the dollars expended on staff working in each of the

areas listed above. The dollars spent in Administrative and Dig Safe areas were then apportioned to each of the utility sectors based on the fraction of dollars spent on other staff and on contracts for specific utility sectors. The dollars spent for our Consumer Assistance Specialists were apportioned based on the percentage of complaints by utility sector.

3. Vacation, Sick, Administrative leave, etc., were not used in the calculation of these estimates. As a matter of course the amount of each of these types of leave varies from year to year for each staff member. We assumed that they would be reflected in the fraction of time actually attributed by staff to each of the areas for which they were required to report.
4. The dollars spent in each sector are estimated based on the time worked in each sector by staff and the averaged "fully burdened hourly rate including benefits" for that staff member plus the amount of contractual services provided for each utility sector.
5. Any money spent on Administrative or Dig Safe Contracts was apportioned to each section based on the analysis of money expended on staff working in each sector.

Pursuant to 35-A MSRA §116, for FY2005 the Commission assessed Maine utilities \$5,505,000. Of this amount, we assessed transmission and distribution utilities at a rate that produced \$3,772,000, with the remaining \$1,733,000 assessed against the remaining utilities. Therefore, approximately 68.5% of our revenues are derived from transmission and distribution utilities with the remaining 31.5% coming from all other utilities based on their gross intrastate operating revenues.

Please contact our Administrative Director, Mr. Dennis L. Keschl at 287-1353, if you have any questions surrounding this information or the method used in the calculation of our estimates.

Sincerely,

Maine Public Utilities Commission
Thomas L. Welch, Chairman
Stephen L. Diamond, Commissioner
Sharon M. Reishus, Commissioner

Encl.

cc: Utilities and Energy Committee Members
Jon Clark, Legislative Analyst